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EXECUTIVE COMPENSATION STUDY

1986

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Purpose

The purpose of this study is to present a diversity of approaches used in the design of executive incentive compensation plans and the selection of executive perquisites together with their respective costs. It is our role to present those key elements of executive incentive compensation and executive perquisites which must be carefully evaluated by each company. Each company's evaluation must be based on their own corporate performance variables, the way in which these variables can be profitably improved and the degree to which selected executives can contribute to that profitability, prior to compensation plan design.

SECTION I

CORPORATE PERFORMANCE VARIABLES THAT SHOULD BE CONSIDERED IN EXECUTIVE COMPENSATION PLAN DESIGN

We would like to present a cross-section of corporate performance variables together with their perceived influence on Executive Compensation Plan Design.

Annual Sales

Annual sales is the corporate performance variable with the most positive influence on total executive compensation. Significant differences in Annual Sales volume are normally accompanied by significant differences in executive compensation. Due to the mix of manufacturing and service industries included in our survey, Annual Sales is the most significant indicator of corporate size.

Based on our survey data, the average Annual Sales volume is $2.4 billion.

Average survey total compensation for the CEO is $524,000. Individual company base salary should be the result of an individual approach to a motivational incentive.

Profits

Unfortunately, there is no direct correlation between corporate profits and corporate size, despite the fact that they are the two most significant corporate performance variables. Profit is the corporate performance variable which has unique application. Individual corporate profit is the ultimate indicator of individual corporate performance. An additional ingredient, vital to the relationship between corporate size and corporate profit is the executive who can make a significant contribution to that objective.

Today, we see the ever expanding evolution of a more reasonable approach to executive incentive compensation. Its' intrinsic philosophy seems to be that additional compensation will be paid for measurable contribution to increased profits. Intensive effort is being expended towards quantifying the method of measuring individual contribution to increased profits. Corporate emphasis on individual goals, as well as corporate goals, has been extremely evident in the last two decades. Significant differences in profitability normally influence the amount of incentive compensation payments.

Based on our survey data, Pre-Tax Profits average $216.2 million and After Tax Profits average $120.7 million.

When a company uses a straight percentage of profits to establish the applicable incentive fund, the number of eligible employees is usually quite large and the approach is normally more one of profit sharing.

When a company uses an incentive set aside against profits before an incentive fund can begin to be generated, there is a sizeable reduction in the amount of the incentive fund and normally a similar reduction in the number of eligible employees. The reduced number of eligible employees results in a more clearly discernable contribution to corporate goals as the organization level of this group rises. The approach is normally more one of profit incentive based on performance goals and objectives.

An example of a set aside against profits would be in the following incentive fund formula:

> "An incentive fund will begin to generate when profits exceed 7% of net earnings and at a rate of 10% of the excess of earnings over 7% of net earnings."

Other Corporate Performance Variables Used As Incentive Set Asides

In a concerted effort toward improving the two major corporate performance variables of corporate size and profitability, many identify certain corporate performance variables whose improvement through individual executive contribution would in turn improve the overall profitability of the corporation. Incentive set asides establish a certain floor reflected by the percentage or dollar amount of a corporate performance variable which must be exceeded before an incentive fund can begin to be generated. Set asides are also intended to assure a reasonable return to the corporation and/or its stockholders prior to the generation of an incentive compensation fund. The fund formula on page (12) gives an excellent understanding of the type of set asides employed. They range from a basic set aside of profits to set asides against stockholders equity, assets, net worth, total investment, etc., which must be exceeded before a fund can be generated. More specific examples are as follows:

Stockholders Equity

Stockholders Equity is the corporate performance variable which when used as an incentive set aside is intended to assure a reasonable protection for stockholder contribution before an incentive fund can begin to be generated. Stockholders Equity is defined by us to be Total Capitalization excluding Long Term Debt.

Based on our survey data, the average annual Stockholders Equity is $626 million.

Total Investment

Total Investment is the corporate performance variable which when used as an incentive set aside is intended to assure a reasonable Return on Investment (ROI) before an incentive fund can begin to be generated. Total Investment is defined by us to include Capital, Surplus and Long Term Debt.

Based on our survey data, the average annual Total Investment is $590 million.

Comments:

Each company is an identity unto itself with respect to executive incentive compensation. Each company must determine the corporate performance variables most in need of improvement and design executive compensation plans which reward contribution to that improvement.

To put the complexities of executive compensation into perspective, we need only seek a definition of "executive". The Fair Labor Standards Act has the only objective definition of Executive that we have seen. However, this is merely an attempt to define an exclusion from the Act based on supervisory responsibility irrespective of organizational level. The dictionary definition is much too vague. The criterion for individual participation to date has been either an arbitrary organization level, salary grade, salary or management discration.

At the bottom line, it is an individual company's determination of who makes a significant contribution to the improvement of selected corporate performance variables.

Since the very definition of executive is subjective and requires definition, so too does every other element of executive compensation. It is essentially a "quid pro quo" determination for the mutual good of the company and the individual sewn together by an element of credibility and trust. It is a necessary but not an easy fusion.

We are convinced that this section of our study can act as a workshop for you. If you determine the number of eligible employees as well as your corporate performance variables most in need of improvement, you should be able to establish the framework for a motivational incentive compensation fund formula.

SECTION II

EXECUTIVE INCENTIVE COMPENSATION

SUMMARIZATION OF THE KEY ELEMENTS UTILIZED IN GENERATING AN EXECUTIVE INCENTIVE COMPENSATION PLAN

THE KEY ELEMENTS UTILIZED (ASSUMING AN ADEQUATE PROFIT BASE) IN GENERATING EXECUTIVE INCENTIVE COMPENSATION ARE:

- .ELEGIBILITY - DO THOSE ELIGIBLE MAKE A SIGNIFICANT AND RECOGNIZABLE CONTRIBUTION TO THE ORGANIZATION?

- .FUND FORMULA - WILL IT GENERATE A FUND OF MONEY RELATED TO CORPORATE AND INDIVIDUAL PERFORMANCE?

- .AWARD FORMULA - DOES IT REFLECT EQUITY IN DISTRIBUTING THE FUND?

METHODS OF DETERMINING ELIGIBILITY

Eligibility

There were, among the 95 companies providing eligibility data, four major sources of eligibility for executive compensation.

1. Salary Grade - 54 cos. use it as their major source of eligibility.

   The mid-points of salary grades range from $39,100 to $80,000 with an unweighted average of $62,500.

2. Organization Level - 29 cos. use it as their major source of eligibility.

   12 cos. - Executive position - direct P & L responsibility or significant staff position as defined by the respective compensation committee.

   10 cos. - V.P. and officer level.

   2 cos. - Officers of parent and subsidiaries and selected key management.

   2 cos. - Dept. manager level.

   3 cos. - All exempt employees.

3. Salary - 7 cos. use it as their major source of eligibility.

   Minimum salaries range from $35,000 to $125,000 with an unweighted average of $67,400 as an eligibility standard.

4. Discretionary - 5 cos. use it as their major source of eligibility.

Eligible Employees

The number of eligible employees reported ranged from 15 to 2666 with an average of 918.

Employees Receiving Payment

The number of employees receiving incentive bonus payment in the reporting companies ranged from a low of 13 to a high of 2666 with an average of 910. Thus, 99.1% of those eligible actually received payment. This represents 12.7% of total exempt employees and 2.48% of total employees.

Total Incentive Bonus Fund Generated

The total fund generated ranged from approximately $185,000 to $40,000,000 with an average of $14,671,542.

Was the Total Incentive Bonus Fund Paid Out?

79 companies - Yes

16 companies - No

Amount of Incentive Bonus Fund Paid Out

The total fund paid out ranged from $185,000 to $40,000,000 with an average payment of $13,171,542. Thus, 89.8% of the total fund generated was actually paid out.

Must the total Fund be awarded in the current plan year

79 companies - Yes

16 companies - No

If no, can surplus be carried forward to future year

8 companies - Yes

6 companies - No

2 companies - Option of the Board

METHODS OF GENERATING EXECUTIVE COMPENSATION FUNDS

FUND FORMULAE

PRE-TAX PROFITS

1. Straight Percentage of Pre-Tax Profits

   Examples:

   - 5% of pre-tax earnings
   - 6% of pre-tax earnings

2. Percentage payout in excess of set aside

   Examples:

   .President rates the company performance. This generates dollar pool that managers use for calculation of first 50% of bonus performance. Second 50% of bonus is based on company attaining certain earnings targets.

   . 10% of pre-tax earnings in excess of 12% of net worth.

   . 7% of pre-tax profit in excess of 14% of stockholders equity.

   . 4% of pre-tax profit less 10% of adjusted net income.

   . 5% of pre-tax profits up to $40,000,000. 6% of pre-tax profits between $40,000,000 and $45,000,000. 7% of pre-tax profits between $45,000,000 and $50,000,000. 8% of pre-tax profits in excess of $50,000,000.

AFTER TAX PROFITS

1. Straight Percentage of After Tax Earnings

   Examples:

   - 8% of net operating income
   - 10% of consolidated net earnings

2. Percentage payout in excess of set aside

   Examples:

   .15% of net profits in excess of 5% of capital employed, not to exceed 25% of dividends.

   . 80% of consolidated net-profits after deducting 5% of consolidated net worth.

   . 10% of net profits after 6% set aside on Return on Investment (ROI).

   . 10% of the excess of net earnings over 5% of the capital invested.

   . 8% of earnings in excess of 6% of net earnings.

   . Actual EPS* growth over four year cycle. Cummulative EPS targets are established. Performance Unit Awards are based on actual attainment of EPS against these targets.

   * Earnings Per Share

METHODS OF ALLOCATING INDIVIDUAL AWARDS

Determination of Individual Award

63 companies - Formula

32 companies - Discretionary

Individual Award Formula Examples

.Individual performance combined with operating unit performance yields a factor which when multiplied by individual salary equals incentive points. These are multiplied by an incentive point value which varies from year to year.

.Weighted Goals - Based on attainment of goal and accomplishment schedule, individual can earn anywhere from 0 to 200% of mid-point of grade level.

.Fund for each operating unit based on performance to goals. Individual awards are distributed as a percentage of base salary in relation to individual performance rating. Top management adjusts on discretionary basis.

.Based on corporate performance and major operating unit performance with a percentage range applicable by salary grade related to performance appraisal. The percentage is applied to base salary.

.Once the President has rated the Company, each manager will have a pool of dollars to disperse. He may rate his subordinates and recommend bonuses at his discretion. Company earnings portions then added.

.Evaluation of performance of company and performance of individual vis a vis established quantitative and qualitative goals.

.Funds generated by formula are distributed to key individuals in proportion of their perceived contribution to sales, profit and asset ulitization.

.Management makes awards to those who performed in an exceptional manner, based on quantitative performance appraisals in relation to individual goals.

Lowest Award

The lowest award payments by company ranged from $1514 to $6700 and with an unweighted average of $3833.

Average Award

The average awards paid by companies ranged from $5500 to $19,100 with an unweighted average of $11,670 and a median of $10,224.

Highest Award

The highest award payments by company ranged from $75,000 to $248,885 with an unweighted average of $138,617.

Maximum Limitation on Size of the Award

81 companies - none

14 companies - Yes

Representative Limitations

.Two times salary

.Two times mid-point of salary range

. 150% of salary

. 100% of salary

. 60% of salary

Plan Period

63 companies - Calendar Year

32 companies - Fiscal Year

Method of Individual Payment

79 companies - cash

16 companies - varied

Examples:
. 50% cash and 50% stock
.elective mix of cash & stock
.cash - current stock - deferred

Lowest Salary

The lowest individual salary of those receiving awards ranged from $20,000 to $100,000 with an unweighted average of $48,167.

Average Salary

The average salary paid by companies ranged from $39,000 to $150,000 with an unweighted average of $75,318 and a median of $63,065.

Highest Salary

The highest individual salary of those receiving awards ranged from $200,000 to $370,000 with an unweighted average of $286,591.

These elements provide the foundation for design of an executive incentive compensation plan reflecting management total compensation philosophy. That is, does management want to pay competitive total compensation or total compensation above or below competition? Do they want to pay a low base with high incentive to provide a higher degree of total compensation related to corporate performance? Do they want to pay at the other extreme with a high base and low incentive? The answer to these questions must be decided upon by management and their assessment of their particular business. How much risk is involved and how much total compensation should be related to that risk? The degree of risk income built into the design of an incentive plan determines the swing in total compensation allocated to future performance both individual and corporate.

AVERAGE INCENTIVE COMPENSATION FOR SELECTED

EXECUTIVE BENCHMARK POSITIONS

Average Incentive Plan Payment

For Selected Executive Benchmark Positions

Position: Chief Executive Officer

Average Sales Volume	Average Base Salary
$2.45 Bil.	$292,591

Average Incentive Compensation	Average Total Compensation
$232,027	$524,618

Incentive Compensation as a % of Base Salary 79.3%

Average Incentive Plan Payment

For Selected Executive Benchmark Positions

Position: Chief Operating Officer

Average Sales Volume	Average Base Salary
$2.45 Bil.	$206,452

Average Incentive Compensation	Average Total Compensation
$159,637	$366,089

Incentive Compensation as a % of Base Salary 77.3%

Average Incentive Plan Payment

For Selected Executive Benchmark Positions

Position: Executive Vice President

Average Sales Volume	Average Base Salary
$1.19 Bil.	$155,926

Average Incentive Compensation	Average Total Compensation
$111,113	$267,039

Incentive Compensation as a % of Base Salary 71.3%

Average Incentive Plan Payment

For Selected Executive Benchmark Positions

Position: Group Vice President

INSUFFICIENT DATA

Average Incentive Plan Payment

For Selected Executive Benchmark Positions

Position: Senior Vice President

Average Sales Volume	Average Base Salary
$2.45 Bil.	$132,083

Average Incentive Compensation	Average Total Compensation
$92,553	$224,636

Incentive Compensation as a % of Base Salary 70.1%

Average Incentive Plan Payment

For Selected Executive Benchmark Positions

Position: Vice President

Average Sales Volume	Average Base Salary
$3.24 Bil.	$114,250

Average Incentive Compensation	Average Total Compensation
$70,500	$184,750

Incentive Compensation as a % of Base Salary 61.7%

Average Incentive Plan Payment

For Selected Executive Benchmark Positions

Position: Top Division Executive

Average Sales Volume	Average Base Salary
$147.1 Mil.	$119,100

Average Incentive Compensation	Average Total Compensation
$42,150	$161,250

Incentive Compensation as a % of Base Salary 35.4%

Average Incentive Plan Payment

For Selected Executive Benchmark Positions

Position: Top Financial Executive

Average Sales Volume	Average Base Salary
$2.45 Bil.	$149,473

Average Incentive Compensation	Average Total Compensation
$83,687	$233,160

Incentive Compensation as a % of Base Salary 56.0%

Average Incentive Plan Payment

For Selected Executive Benchmark Positions

Position: Top Human Resource Executive

Average Sales Volume	Average Base Salary
$2.45 Bil.	$100,535

Average Incentive Compensation	Average Total Compensation
$50,716	$151,251

Incentive Compensation as a % of Base Salary 50.4%

Average Incentive Plan Payment

For Selected Executive Benchmark Positions

Position: Controller

Average Sales Volume	Average Base Salary
$2.45 Bil.	$96,903

Average Incentive Compensation	Average Total Compensation
$42,608	$139,411

Incentive Compensation as a % of Base Salary 44.0%

SECTION III

TYPES OF EXECUTIVE COMPENSATION PLANS REPORTED

TYPES OF EXECUTIVE COMPENSATION PLANS REPORTED

.Annual Executive Incentive Plan

.Annual Executive Bonus Plan

.Annual Executive Profit Sharing Plan

.Phantom Stock Bonus Plan

.Restricted Stock Option Plan

.Restricted Stock Bonus Plan

.Stock Option Plan - Formula

.Dividend Equivalent Plan

.Performance Unit Plan

.Incentive Stock Options

SECTION IV

EXECUTIVE PERQUISITES

AVERAGE COST AND ELIGIBILITY FOR

INDIVIDUAL PERQUISITES

Company Owned or Leased Car For Personal Use

Providing Executives with the use of a company owned or leased car is a declining perquisite with 39.8% of the 98 pariticipants providing the perquisite. The company cars providied by 39 participants were 85% rental cars and 15% purchased cars.

Number of Companies Providing Perquisite	39
Number of Executives Eligible	663
Number of Executives Receiving (100% of eligible executives)	663
Average Annualized Base Salary	$119,333
Average Annualized Cost of Perquisite (5.0% of Average Annualized Base Salary)	$ 5,967
Individual Cost	$ 719

Company Eligibility:

37 companies - Organization Level - Corporate V.P. and Top Management of Divisons, Groups and Subsidiaries.

2 companies - Discretionary

Company Paid Parking In Metropolitan Areas

Parking in Metropolitan areas is company paid by 14 or 14.3% of the 98 participating companies.

Number of Companies Providing Perquisite	14
Number of Executives Eligible	462
Number of Executives Receiving (100% of eligible executives)	462
Average Annualized Base Salary	$106,540
Average Annualized Cost of Perquisite (1.2% of Average Annualized Base Salary)	$ 1,256
Individual Cost	$ -0-

Company Eligibility:

11 companies - Corporate V.P. and Above at Headquarters

3 companies - V.P. and above

Chauffered Limousine Provided For Personal Driving

Providing executives with Chauffered Limousine provided also for personal use is included by 9 or 9.2% of the 98 participating companies.

Number of Companies Providing Perquisite	9
Number of Executives Eligible	37
Number of Executives Receiving (100% of eligible executives)	37
Average Annualized Base Salary	$270,779
Average Annualized Cost of Perquisite (25.5% of Average Annualized Base Salary)	$ 69,071
Average Individual Cost	$ 4,255

Company Eligibility:

4 companies - President and Chairman

3 companies - Executive V.P. and Above

2 comapnies - Certain Senior V.P. and Above

Club Memberships

Company paid Club Memberships for various types of clubs such as country clubs, luncheon clubs, downtown athletic, etc. is another shrinking perquisite with 27.6% of the 98 participants providing the perquisite.

Number of Companies Providing Perquisite	27
Number of Executives Eligible	2476
Number of Executives Receiving (87.3% of eligible executives)	2162
Average Annualized Base Salary	$156,452
Average Annualized Cost of Perquisite (1.5% of Average Annualized Base Salary)	$ 2,296

Company Eligibility:

11 companies - Corporate Officers

8 companies - Corporate V.P. and Above

6 companies - Major Division or Major Operating Unit Top Management and Corporate Staff Executives

3 companies - Discretionary

Financial Planning

Free Financial Planning services include professional advice regarding items such as investments, estate and tax planning and often included preparation of personal income tax returns. This perquisite is included by 80.6% of the 98 survey participants.

Number of Companies Providing Perquisite	79
Number of Executives Eligible	2154
Number of Executives Receiving (100% of eligible executives)	2154
Average Annualized Base Salary	$126,018
Average Annualized Cost of Perquisite (1.7% of Average Annualized Base Salary)	$ 2,150

Company Eligibility:

41 companies - Corporate Officers

28 companies - Corporate V.P. and Above

10 companies - Salary Grade

Premium Payments for Non-Qualified Supplemental Retirement Plan

Although premium payments for non-qualified supplemental retirement plans represent a significantly high cost, 6.2% of the 98 participants provide this perquisite.

Number of Companies Providing Perquisite	6
Number of Executives Eligible	16
Number of Executives Receiving (87.5% of eligible executives)	14
Average Annualized Base Salary	$197,242
Average Annualized Cost of Perquisite (10.1% of Average Annualized Base Salary)	$ 19,862

Company Eligibility:

6 companies - Corporate Officers and Key Executives as determined by the Board of Directors.

Medical Examination

Free Medical Examination is a widespread perquisite with 49.0% of the 98 companies granting the perquisite.

Number of Companies Providing Perquisite	48
Number of Executives Eligible	911
Number of Executives Receiving (100% of eligible executives)	911
Average Annualized Base Salary	$70,000
Average Annualized Cost of Perquisite (0.3% of Average Annualized Base Salary)	$ 200
Individual Cost	$ -0-

Company Eligibility:

22 companies - Corporate Officers

12 companies - Corporate V.P. and Above

10 companies - Major Division and Major Operating Unit Top Management and Corporate Staff Executives

4 companies - All Exempt Employees

Premium For Additional Medical Insurance

The premiums for additional medical insurance are paid by 21.4% of the 98 participating companies.

Number of Companies Providing Perquisite	21
Number of Executives Eligible	568
Number of Executives Receiving (97.2% of eligible executives)	552
Average Annualized Base Salary	$73,729
Average Annualized Cost of Perquisite (1.7% of Average Annualized Base Salary)	$ 1,254

Company Eligibility:

15 companies - Corporate Officers

6 companies - Corporate V.P. and Above

AVERAGE COST OF PERQUISITES FOR SELECTED

EXECUTIVE BENCHMARK POSITONS

Executive Perquisites For Selected Executive Benchmark Position

Position: Chief Executive Officer

Average Sales Volume	Average Base Salary
$2.16 Bil.	$287,651

Average Annual Cost of Perquisites	$22,063
Average Annual Cost of Perquisite as a % of Base Salary	7.7%
Average Annualized Cost of Perquisites to the Individual	$1,026
Average Annualized Cost of Perquisite to the Individual as a % of Base Salary	0.36%

Executive Perquisites For Selected Executive Benchmark Position

Position: Chief Operating Officer

Average Sales Volume	Average Base Salary
$2.14 Bil.	$197,656

Average Annual Cost of Perquisites	$37,935
Average Annual Cost of Perquisite as a % of Base Salary	19.2%
Average Annualized Cost of Perquisites to the Individual	$1,026
Average Annualized Cost of Perquisite to the Individual as a % of Base Salary	0.52%

Executive Perquisites For Selected Executive Benchmark Position

Position: Executive Vice-President

Average Sales Volume	Average Base Salary
$716 Mil.	$127,914

Average Annual Cost of Perquisites	$31,214
Average Annual Cost of Perquisite as a % of Base Salary	24.4%
Average Annualized Cost of Perquisites to the Individual	$ 745
Average Annualized Cost of Perquisite to the Individual as a % of Base Salary	0.58%

Executive Perquisites For
Selected Executive Benchmark Position

Position: Group Vice President

INSUFFICIENT DATA

Executive Perquisites For Selected Executive Benchmark Position

Position: Senior Vice President

Average Sales Volume	Average Base Salary
$2.18 Bil.	$125,926

Average Annual Cost of Perquisites	$ 5,813
Average Annual Cost of Perquisite as a % of Base Salary	4.6%
Average Annualized Cost of Perquisites to the Individual	$ 525
Average Annualized Cost of Perquisite to the Individual as a % of Base Salary	0.42%

Executive Perquisites For Selected Executive Benchmark Position

Position: Vice President

Average Sales Volume	Average Base Salary
$2.86 Bil.	$112,245

Average Annual Cost of Perquisites	$ 6,900
Average Annual Cost of Perquisite as a % of Base Salary	6.1%
Average Annualized Cost of Perquisites to the Individual	$ 540
Average Annualized Cost of Perquisite to the Individual as a % of Base Salary	0.48%

Executive Perquisites For Selected Executive Benchmark Position

Position: Top Division Executive

Average Sales Volume	Average Base Salary
$118.4 Mil.	$ 97,615

Average Annual Cost of Perquisites $ 4,725	Average Annual Cost of Perquisite as a % of Base Salary 4.8%
Average Annualized Cost of Perquisites to the Individual $ 495	Average Annualized Cost of Perquisite to the Individual as a % of Base Salary 0.51%

Executive Perquisites For Selected Executive Benchmark Position

Position: Top Financial Executive

Average Sales Volume	Average Base Salary
$1.89 Bil.	$127,612

Average Annual Cost of Perquisites	$ 5,813
Average Annual Cost of Perquisite as a % of Base Salary	4.6%
Average Annualized Cost of Perquisites to the Individual	$ 540
Average Annualized Cost of Perquisite to the Individual as a % of Base Salary	0.42%

Executive Perquisites For Selected Executive Benchmark Position

Position: Top Human Resource Executive

Average Sales Volume	Average Base Salary
$1.68 Bil.	$ 86,910

Average Annual Cost of Perquisites $ 5,813	Average Annual Cost of Perquisite as a % of Base Salary 6.2%
Average Annualized Cost of Perquisites to the Individual $ 450	Average Annualized Cost of Perquisite to the Individual as a % of Base Salary 0.52%

Executive Perquisites For Selected Executive Benchmark Position

Position: Controller

Average Sales Volume	Average Base Salary
$1.74 Bil.	$ 83,824

Average Annual Cost of Perquisites	$ 5,813
Average Annual Cost of Perquisite as a % of Base Salary	6.9%
Average Annualized Cost of Perquisites to the Individual	$ 450
Average Annualized Cost of Perquisite to the Individual as a % of Base Salary	0.54%

SECTION V

SUMMARY

AVERAGE COST OF EXECUTIVE INCENTIVES AND PERQUISITES

Average Cost of Executive Incentives and Perquisites

	Avg. Base Salary	Avg. Incentive Award	% of Avg. Base Salary	Avg. Sales Volume Impacted
Executive Incentives	$162,691	$98,332	60.4%	$2.15 Bil.

	Avg. Base Salary	Avg. Company Cost of Perk	% of Avg. Base Sal.	Avg. Cost to Individual	% of Base Sal.	Avg. Sales Vol. Impacted
Executive Perquisites	$138,595	$14,010	10.1%	$644	0.46%	$1.72 Bil.

With respect to Executive Incentive Compensation, there was an extremely heavy reporting of Chief Executive Officer and Operating Officer data to the exclusion of certain other benchmark positions. We did not wish to allow this phenomenon to distort our results. Therefore, it was necessary to use unweighted averages with respect to executive incentives.

With respect to Executive Perquisites, there was wide fluctuation in eligibility for perquisites. You will note above that the average sales volume impacted by companies providing Executive Perquisites is 25% below those proving Executive Incentive Compensation.